gentleman can inform the House as to why we are considering H.R. 9240 on Tuesday next and House Joint Resolution 263 on Thursday next under rules waiving all points of order?

Mr. ALBERT. The gentleman asks why we are considering them under the rule, waiving points or order? I would say to the gentleman that those are matters within the jurisdiction of the House, and the Committee on Rules and the legislative committees handling the bills. We put these bills down on the days requested by the chairman of the legislative committees.

Mr. HALL. Mr. Speaker, I thank the gentleman for responding. I am not questioning the appropriateness. I am fully aware that we can find out when we discuss the rules, but I just wondered if in advance the distinguished majority leader could tell us why in these two instances—which are most unusual instances, by the way—we apparently have a rule waiving points of order.

Mr. ALBERT. I must say to the gentleman that I do not know what the provisions of the bills are that caused the committees to request such a rule.

Mr. HALL. Mr. Speaker, I thank the gentleman, and I yield back the balance of my time.

PROPOSAL FOR U.S. HELP ON SOVIET-FIAT AUTO FACTORY SHOULD BE REJECTED

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. LIPSCOMB] is recognized for 60 minutes.

Mr. LIPSCOMB. Mr. Speaker, citizens across the Nation are genuinely concerned about the proposal for the United States to help equip and finance the Soviet-Fiat automobile factory.

Of all the unpromising, unlikely places in the world for the United States to provide technological and financial assistance, the most improbable should be the Soviet Union. And of all the industries in the Soviet Union, among the last candidates for assistance should be their machine tool and related industries, for this is the heart of the Soviet industrial defense strength.

Nevertheless, the administration last October announced that the United States is prepared to finance through the Export-Import Bank the export of a large amount of modern, precision American machine tools which would be used to equip an automotive factory the Fiat Co. of Italy has contracted to construct in the Soviet Union. Upward of $50 million of U.S.-built machine tools may be involved.

It seems inconceivable that it could be seriously proposed that the United States at this time should assist in any way in building up the automotive industry in the Soviet Union.

The products of existing Soviet automotive factories can be found in trouble spots throughout the world and notably in the war zone of southeast Asia. Trucks and other automotive products are among the significant war goods supplied to Hanoi by the Soviets and the Eastern Europeans. Such vehicles help to convey and transport Communist forces, ammunition, weapons, and other war goods in Southeast Asia.

To our soldiers these vehicles are enemy equipment. In 2 years, according to testimony presented in the Defense Appropriations hearings, we have destroyed or damaged over 9,000 trucks in North Vietnam.[1] Thousands more remain. The threat posed by Soviet- and Eastern European-built vehicles and other equipment must be measured in terms of American lives lost as well as the millions upon millions of dollars expended.

While there had been earlier press reports about the deal, the official announcement of the role proposed for America in building the Soviet automotive factory came on October 7, 1966. The President on that date made a sudden trip to New York where, in a major policy address, he announced that "the Export-Import Bank is prepared to finance American exports for the Soviet-Italian Fiat auto plant."[2]

The proposal that export licenses should be granted to authorize the shipment of American machine tools for the Soviet-Fiat plant and that the Export-Import Bank should finance the export of this equipment to the Soviet Union in my view was unsound last fall and it is unsound today. As I stated to the House of Representatives on October 17, 1966, the President received incredibly poor advice in making that proposal.

In the intervening time, an effort has been mounted to put across the idea to the Congress and to the public that the proposed Fiat deal is in the best interest of the United States.

This effort has been characterized by an assortment of claims, statements, conjectures, inferences, and so forth, many of which it appears have been deliberately designed to becloud the true issues involved. The basic purpose of the effort is clear however: The intent is to smooth the way for the Fiat deal to go through without going into any more detail than absolutely necessary.

Shortly after the President's October 7, 1966, announcement, the House Foreign Affairs Subcommittee on Europe held a special hearing to discuss with representatives of the executive departments, U.S. policy on East-West relations as reflected in the President's speech. Among other things, the subcommittee at that hearing on October 18 attempted to learn details of the Soviet-Fiat arrangements, as to why the United States should finance any part of it, who made recommendations to the President on such policies, and so forth. But their attempts appeared to be in vain as witnesses from the Departments of State and Commerce apparently did not satisfactorily answer the questions posed. The chairman, the distinguished Congresswoman from New York [Mrs. KELLY] said at the time:

> If you take all of the reasons that you gave, gentlemen, they still don't add up to a satisfactory answer to our questions.[3]

Last December four members of the Subcommittee on International Trade of the House Committee on Banking and Currency traveled to Italy and several Eastern European countries. In Italy on December 7, 1966, the subcommittee members conferred with various individuals who are dealing with the Soviets in the proposed Fiat automotive transaction. On December 17, they conferred in the Soviet Union with the Soviet Communist officials who expect to be the beneficiaries of the proposed transaction.

A subcommittee print issued by the Subcommittee on International Trade on March 1, 1967, contains the subcommittee report on the proposed Soviet-Fiat auto plant. The apparent purpose of the report is to assembled various materials and quotes in support of the administration's proposal.

The report tells us, for example, that the following remark was made by Secretary of State Rusk last October:

> It is the judgment of the Defense Department, shared by General Wheeler of the Joint Chiefs of Staff, that a loan that would induce the Soviet Union to devote greater resources to the production of consumer goods at the expense of applying these resources to military purposes is in our national interest.[4]

The report indicates that this statement by Secretary Rusk is included to make it "clear to Members of Congress that the Department of Defense is on record as favoring the loan by the Eximbank for Fiat."

In view of the claim attributed to Secretary Rusk, I made inquiry of General Wheeler on March 3, 1967, asking the general to furnish me with any information now available to him which gives evidence that the Export-Import Bank loan would induce the Soviet Union to devote greater resources to the production of consumer goods at the expense of applying these resources to military purposes.

Just as suspected, General Wheeler's reply of March 24, 1967, did not furnish information which to me gives any such evidence. General Wheeler did state his belief as follows:

> I do not believe that the Soviets would divert resources from a military program which they regard as vital to any program to benefit the Soviet consumer.[5]

Meanwhile, the platitude-filled statements continue to be bandied around by administration spokesmen such as this statement made March 2, 1967, by Anthony M. Solomon, Assistant Secretary of State for Economic Affairs:

[1] Hearings on Supplemental Defense Appropriations for 1967, page 90. General Earl G. Wheeler, Chairman, Joint Chiefs of Staff, testimony on February 21, 1967.

[2] Made before the National Conference of Editorial Writers at New York, N.Y. The *Washington Post* of October 8, 1966 said that President Johnson so suddenly accepted the invitation to make the "major policy speech" that "the impromptu arrangements nearly produced a comedy of errors . . . the first word that Mr. Johnson was even considering attending came at 2:30 p.m. [October 6] . . ."

[3] Hearings before the Subcommittee on Europe of the Committee on Foreign Affairs, October 18, 1966, page 66, Recent Developments in East-West Relations.

[4] A Report for the Subcommittee on International Trade, Committee on Banking and Currency, House of Representatives, March 1, 1967, The Fiat-Soviet Auto Plant and Communist Economic Reforms, page 41.

[5] Letter, March 24, 1967, General Earl G. Wheeler to Rep. Glenard P. Lipscomb.

[construction of the Soviet Fiat factory] in itself represents a sizable allocation of resources for peaceful uses, but more will follow to provide the roads, service stations, repair facilities, and the like to keep the cars running. . . . This growing attention to consumer needs is a heartening development in the Communist countries, one that we welcome and should support through trade.[6]

Those thoughts echo similar comments offered by Acting Secretary of Commerce Trowbridge, who on November 2, 1966, as Assistant Secretary of Commerce for Domestic and International Business, said:

The President's decision to provide for Export-Import bank financing of American machine tools and other products for the Fiat automobile plant in the U.S.S.R. is a good example of how we will offer our cooperation on projects designed to improve the well-being of their people. We support their allocaton of resources to expand consumer-oriented industries.[7]

The International Trade Subcommittee report contains additional enlightening information about the campaign underway to gain acceptance for the Fiat deal. It recites, for example, that last October, administration spokesmen sought to convince individual Members of the House, unidentified in the report, that "the Fiat deal would support the increased emphasis which the U.S.S.R. is putting on using its resources to produce consumer good."[8]

Such wishful thinking actually runs counter to findings contained in a Central Intelligence Agency report which the subcommittee itself included in its March 1 report.

Claims that if the Soviet-Fiat factory is built it will cause the Soviets to invest extensively in tertiary automotive investments—which means such items as roads, service stations, repair facilities and the like—are refuted by the CIA report which states:

The USSR will almost certainly have no desire and little need to duplicate in the foreseeable future the heavy tertiary investments that have been fostered by the automobile in Western Europe and the United States.[9]

The CIA report points out that the Soviet program is to produce cars for the Communist leaders, not the people. It states:

Essentially, the new Soviet program is designed to produce automobiles for the bureaucratic and managerial elite, not for the average citizen.[10]

Furthermore, it is the CIA evaluation that the announced Soviet plans to increase automotive production will not divert resources from their defense or space programs:

. . . announced plans are not so grandiose as to require a significant alteration in traditional Soviet economic priorities, *and would leave military and space program unimpaired.* [Emphasis added.][11]

There is little doubt that if the Soviets were required to design and build machine tools and equipment which closely approximate those they seek from abroad in the Fiat deal then they would probably have to use engineers, technicians and capital goods which otherwise could be employed in programs related to Soviet military and space endeavors. I asked the Director of the Defense Intelligence Agency, Gen. John F. Carroll, about this and by letter of April 25, 1967, he responded:

It is true that, if engineering and production resources were allocated to the design and fabrication of such machine tools and equipment, the resources would have to be taken from other programs, either military or civilian. In the past the Soviet Union has given priority to military programs over civil programs, and it is believed that—barring a major change in Soviet policy—this practice will continue.[12]

Note that General Carroll confirms that the Soviets would have to divert resources from their other programs if they were required to undertake the automotive project with their own resources.

In other words, to whatever extent the United States or any other nation provides capital goods to the Soviets, the Soviet leadership would be permitted to continue its traditional practice of allocating their own resources to military programs.

Neither General Carroll nor any other responsible official of a U.S. intelligence agency has ever, to my knowledge, claimed that there is evidence of a major change in Soviet policy. In other words, Soviet priorities in the Soviet industrial empire continue to go to military programs.

In spite of this we have witnessed a band of administration spokesmen, apparently ignoring evaluations of the intelligence agencies, touring the country and giving the impression to the American public, to trade, and business groups, and to communications media that the Soviet-Fiat deal will mean less Soviet tanks and more emphasis on consumer needs.

SHIPMENT OF MACHINE TOOLS SHOULD BE DENIED

I would like at this time to cite some reasons why in my opinion the Export-Import Bank credits and the machine tools should be denied the Soviets.

DETENTE NONEXISTENT

One rationale advanced by administration spokesmen for shipping and financing American machine tools to the Soviets is their claim in seeing in the present situation a détente. But that is a claim with little basis in fact. The highest ranking member of this Nation's Armed Forces, General Wheeler, told all Americans last February 26:

. . . if history is any any teacher, I see no particular reason to view the present situation as a détente. . . . It is a question of prudence in protecting the security interests of this country.[13]

BASIC SOVIET PLANS REMAIN UNCHANGED

The leaders of the organization which controls the Soviet industrial empire traditionally have planned for the production of a relatively small number of passenger automobiles. That is still true today of the current Soviet leaders.

The current Soviet Communist Party leaders approved of the plans of the State Planning Commission (GOSPLAN) which calls for the production of an estimated 230,000 passenger automobiles in 1967. The Central Intelligence Agency estimates that over 12 percent of those will be a Jeep-type vehicle, the GAZ 69.[14]

The CIA also estimates that 23 percent of all Soviet passenger automobiles produced in 1967, a total of 54,000, will be exported. Furthermore, according to the CIA estimates, that figure will increase to 250,000 automobiles exported by the U.S.S.R. by 1974.[15] Significantly, 1974 is the year when the proposed Fiat plant is scheduled to be in full production.

The ordinary Soviet citizens are today deprived of an automobile not because of any action which they, or you, or I have taken. They are denied an automobile because Soviet leaders have decreed that they not be permitted one.

Everyone who gives serious thought to the workings of the Soviet Union understands full well that the Soviet industrial empire could right now, today, increase its output of commercial-type vehicles.

But even if American financial assistance were granted and machine tools were exported to build the Soviet-Fiat plant, the CIA evaluation states:

It seems certain that, within the next decade at least, the Soviet leadership not only has no plans to mass produce automobiles in imitation of the West, but would strenously resist internal pressure to do so. Although the USSR may some day join the circle of nations that provide automobiles for the average citizen, that day is not now in sight.[16]

In other words, the Communist leaders' plans for automobiles are basically to use them for rewarding the Soviet Communist Party elite and for exports and related purposes, not for the average citizen. The Communists' plans are designed to make the Communist Party more efficient in its communications and travel needs and better equipment to achieve its political goals.

IMPORTANCE OF MACHINE TOOLS TO DEFENSE INDUSTRIES

The following are some of the machine tools desired by the Soviets for use in the Fiat-constructed plant in the U.S.S.R.: Numerically controlled machines for diesinking; multispindle lathes; gear cutting machines; stamping presses; machines for mechanical operations, such as transfer lines; boring, grinding, broaching machines; high pro-

[6] Address March 2, 1967 by Anthony M. Solomon, Assistant Secretary of State for Economic Affairs, made before the Chicago Automobile Trade Show luncheon, Chicago, Illinois.

[7] Address November 2, 1966 by Alexander B. Trowbridge, then Assistant Secretary for Domestic and International Business, U.S. Department of Commerce, prepared for delivery at the International Trade Session, National Foreign Trade Convention, New York City.

[8] The Fiat-Soviet Auto Plant, page 42.

[9] *Ibid*, page 26.

[10] *Ibid*, page 11.

[11] *Ibid*.

[12] Letter, April 25, 1967, Lt. General Joseph F. Carroll to Rep. Glenard P. Lipscomb.

[13] "Meet the Press," NBC television and radio program of February 26, 1967 with General Earl G. Wheeler as guest.

[14] The Fiat-Soviet Auto Plant, page 13.

[15] *Ibid*, page 19.

[16] *Ibid*, page 11.

duction machines for ring bevel gear production; boring and honing machines; numerically controlled profile checking equipment; automatic lathes; high production machine tools for splined shaft production, hub production and transmission sliding sleeve production; transfer lines for the machining of differential gear carrier and gear housing; transfer lines for pistons.

A study prepared for the Joint Economic Committee which was published in the committee's report, "New Directions in the Soviet Economy, Part II-A," in July 1966 states that:

> . . . the Soviet industrial defense establishment has grown at the rate more than twice that of the Soviet economy; that by 1963 it was in absolute terms about as large or larger than that of the United States. . . .[17]

If 4 years ago the Soviet industrial defense establishment was as large or larger than their own, then how big is it today? And what kind of advice has been provided which results in decisions that could help the Soviet industrial defense establishment grow even more?

The Soviets know what they want when they ask for machine tools but I have the distinct impression that there are many others who are not completely aware of the importance of machine tools to the economy and military strength of a nation.

A machine tool is the only machine which is capable of reproducing itself. It is a power-driven machine which is used to shape or form metal by cutting, by impact, by pressure, by electrical techniques, or by a combination of those procedures.

The Machine and Tool Blue Book for January 1967 declares:

> Every item used, worn, or eaten by the military is directly or indirectly an end result of machine tools.[18]

That same reference tells us that more than half of the total U.S. machine tool shipments in 1965 went to defense and defense related industries.[19]

The Blue Book states that the U.S. Departments of Defense and Commerce have "just reviewed current and critical military programs requiring stepped-up production of machine tools, and the types of machines that are so vital to this military procurement." It contains a listing of the specific machine tools which are critical and vital to the U.S. military for the procurement of such things as ordnance, helicopters, missiles, and jet engines. Here is part of that list:

> *Ordnance:* The machine tools needed [for ordnance production] are automatic chucking machines, automatic screw machines, numerically-controlled automatic milling machines, special heavy-duty vertical multi-spindle drilling machines with special fixtures, large hydraulic presses, and transfer machines or transfer-type machines.
>
> *Helicopters:* The critical items here are transmission gears and air foil blades.
>
> The machine tools needed are bevel gear generating machines, smaller size horizontal boring machines, numerically-controlled jig boring machines, and routing-type milling equipment.
>
> *Missiles:* The machine tools needed for missile production are "elephant-type" vertical and horizontal boring and milling machines, and vertical turret lathes with or without numerical controls.
>
> *Jet Engines:* This program is calling for the earliest possible delivery of additional machine tools.
>
> Machine tools are also being required in increasing numbers by many industries which indirectly support the defense establishment. It is estimated that over fifty percent of present machine tool output is flowing to defense and defense supporting industries.[20]

One could not say that all of the machine tool items and equipment which the Soviets are seeking from the United States, or which are manufactured in Europe by subsidiaries or licensees of American manufacturers, are in all cases identical to those which are today so critical and vital to our own defense needs. But there seems to be a remarkable similarity.

This is not the first time over recent years that the U.S.S.R. has attempted to obtain advanced automotive building equipment from the United States or that the question of the military and economic significance of such equipment has been brought into sharp focus.

Early in 1961 export licenses that had originally been granted authorizing the shipment of machine tools to the U.S.S.R. for the production of cars and trucks were canceled following an expression of opinion by the Department of Defense that the receipt of the equipment would contribute to the Soviet military and economic warfare potential.

The machine tools involved then were a transfer-type machine to make V-8 cylinder blocks and a transfer-type machine to machine V-8 motor heads. The authorization also covered six 8-spindle gear hobbing machines. Their total value was $6.1 million.

In that case Deputy Assistant Secretary of Defense for International Security Affairs, Haydn Williams, said that the technology contained in those transfer machines produced in the United States was the most advanced in the world and that:

> The products of these transfer type machine tools are clearly of military value.[21]

The Department of Defense position was that the products of the $6.1 million in automotive building equipment would clearly be of military value. Why should there now be any difference as to the military significance of automotive building equipment? In view of present Soviet policy, including its heavy commitment toward aiding Communist aggression in Vietnam, our policy should be more stringent, and not softer.

IMPORTANCE OF COMMERCIAL-TYPE VEHICLES FOR MILITARY PURPOSES

Even assuming that only passenger or commercial-type vehicles were to be produced by the Soviets in the Fiat-constructed plant, would these vehicles contribute to the military establishment of the Soviet Union?

Perhaps the practices of our own Department of Defense can best give us the answer to that question. The Office of the Assistant Secretary of Defense for Installations and Logistics informed me on March 24, 1967, in response to my inquiry that the U.S. Department of Defense proposes to purchase 32,353 passenger cars, station wagons, and other commercial-type vehicles in the fiscal year which begins July 1, 1967.

In a letter to me dated March 24, the Department states that:

> All of the vehicles shown are procured for the purpose of providing transportation of supplies, equipment or personnel which contribute to the national security of the United States.[22]

Obviously, vehicles of all kinds are of great importance to the support and operations of military forces. Secretary of Defense McNamara showed his recognition of this fact on February 21, 1967. Regarding the case of enemy military forces denied the use of wheeled vehicles in South Vietnam the Secretary of Defense said:

> This is a tremendous limitation upon their warmaking capabilities.[23]

ADMINISTRATION OF THE EXPORT CONTROL ACT

The Export Control Act declares that it is the policy of the United States "to exercise the necessary vigilance over exports from the standpoint of their significance to the national security of the United States." The act is completely clear, too, in emphasizing that both the military and economic significance of exports must be considered in finding that the "unrestricted export of materials without regard to their potential military and economic significance may adversely affect the United States."

Who would deny that elementary prudence dictates that the intelligence agencies of the Department of Defense must be consulted before determination is made that a commodity has no "potential military and economic significance?"

On January 17, 1967, I made public four letters which unequivocally state that the Defense Intelligence Agency and the intelligence organizations of the Army, Navy, and the Air Force had not been consulted when hundreds of items were removed from the export control list.[24]

Yet the International Trade Subcommittee report expresses confidence in the procedures used by the Department of Commerce and assures us "that Commerce would weigh a variety of factors before taking action on machine tools that can be used for strategic purposes."[25] And to attest to this display of confidence, the report, of all things,

[17] "Comparative Progress in Technology, Productivity, and Economic Efficiency: USSR versus U.S.A.," page 233.

[18] *Machine and Tool Blue Book*, January 1967, page 122.

[19] *Ibid*, page 130.

[20] *Ibid*, pages 131, 132.

[21] Letter, February 23, 1961, Haydn Williams, Deputy Assistant Secretary of Defense (International Security Affairs) to Rep. Glenard P. Lipscomb.

[22] Letter, March 24, 1967, Major General Allen T. Stanwix-Hay, Deputy Assistant Secretary of Defense (Materiel) to Rep. Glenard P. Lipscomb.

[23] Hearings on Supplemental Defense Appropriations for 1967, page 90. Secretary of Defense Robert S. McNamara, testimony on February 21, 1967.

[24] *Congressional Record*, January 17, 1967, page H257.

[25] The Fiat-Soviet Auto Plant, page 2.

quotes from an October 20, 1966, Department of Commerce letter wherein the Director of the Office of Export Control enumerates some of the agencies of this Government which participate in the formulation of export control policies. I call to your attention the fact that in the Department of Commerce letter, as quoted in the subcommittee report,[26] there is no specific reference to "intelligence community" or "intelligence agencies."

INCOMPLETE INFORMATION AVAILABLE

It appears that only a partial insight is being permitted as to what machine tools in total the Soviets actually hope to acquire from the United States. A detailed list of the machine tools including "both the types of tools desired and the U.S. companies most likely to be in a position to supply them" was not included in the International Trade Subcommittee report but was purposely excluded "for business reasons" because "publication might upset normal commercial relationships."[27]

To study the matter thoroughly, of course, would require a detailed and complete list of the machine tools which the Soviets desire to get from us. In such matters the national security and welfare of the United States must be paramount to all other considerations. It is not conceivable to me how anyone could give greater weight and importance to business and commercial considerations rather than to the national security and welfare of the United States.

Also it is difficult to see how anyone at this date could consider our involvement in helping to equip a Soviet automotive factory as a "normal commercial relationship."

SUMMARY

America should not at this time assist in any way in the building of the automotive industry of the Soviet Union. History teaches that the present situation cannot be viewed as a détente.

There are those who have voiced platitudes and claims in attempts to smooth the way for the Fiat deal to go through. But wishful thinking must not be substituted for reasoned and reasonable caution.

The Soviet Communist Party leadership continues to control and to command all facets of the Soviet industrial empire. The Soviet leaders exercise their control over Soviet industry by granting their approval to plans worked out by GOSPLAN. The announced current and future plans of GOSPLAN do not significantly differ from traditional plans which heavily favor military programs at the expense of consumer programs.

Soviet military programs are geared to the output of the Soviet industrial defense establishment and machine tools are the heart of any industrial defense establishment. The Soviet industrial defense establishment is huge; it is possibly as large or larger than that of the United States. But the Soviet industrial defense establishment does not have the quantity of quality machine tools as does that of the United States.

Soviet planners hope to import machine tools which incorporate advanced technology. Soviet planners say they intend to increase automobile production by receiving outside financial assistance and by importing machine tools of advanced design. If the Soviet planners hopes are realized in this respect, then their military and space programs will remain unimpaired. In any event official U.S. intelligence evaluations are that the Soviet leaders do not plan to provide automobiles for the average Soviet citizen.

Soviet planners intend to increase the production of passenger cars in order to reward and provide incentives to the Communist Party elite. They also intend to increase the number of cars produced for export. Moreover, passenger cars and other commercial-type vehicles are important for military purposes; they do contribute to the national security.

The Export Control Act is very explicit on the point that both the economic and military significance of materials must be weighed in determining whether they may be exported.

It is difficult if not impossible to view the Soviet-Fiat deal as a normal commercial transaction, and complete information on the deal has not yet been disclosed by the Soviets.

The International Trade Subcommittee report tells us "that U.S. machine tool technology may play a larger role in the proposed auto plant than had been forecast earlier."[28] It explains this by saying that in addition to the direct purchases from the United States the Soviets want to lay hold of machine tools which are manufactured in Europe under license arrangements with American firms. Little by little the full measure of Soviet deceit in this grandiose scheme unfolds. We are told that a letter from the Italian middlemen was received on February 1, 1967, which contains this information:

> The final cost of said machine tools and equipment items is contingent upon the decisions of the Soviet agencies handling the actual purchase orders.[29]

That one sentence alone should give all of us cause to question what this Fiat deal is all about. The American people know full well what the final cost of machine tools is in the hands of the Communists. And over 9,000 Americans have thus far paid that final price in Southeast Asia.

ATTEMPT TO KILL EFFECTIVENESS OF THE FOOD STAMP PROGRAM

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 20 minutes.

Mr. HALPERN. Mr. Speaker, I am deeply troubled by what appears to be an attempt quietly to kill the effectiveness of the food stamp program by an amendment which would force many States to drop out of the program which has meant so much to their needy citizens.

I refer to the amendment added by the House Committee on Agriculture to H.R. 1318, providing that beginning in fiscal 1968, States must pay 20 percent of the cost of the bonus coupons given to food stamp participants.

That would saddle the States with $60 million a year in extra costs, besides the cost of administering the program. My own State of New York would have to pay $4.4 million more—making a total of $6 million a year if you include the costs of administration.

Of the Nation's 15 largest cities, only two have not participated in the food stamp program up to now—my own city of New York, and Boston. Now, New York City has asked to be included, and it is considered likely that the Department of Agriculture will approve the request for the year starting June 30, if funds are provided.

Let me cite the effect of the amendment on New York City, as typical of how it would cripple the program in many large urban centers. For one thing, 70 percent of the people on welfare in the State of New York live in New York City. This is one aspect of the city's traditional position as the gateway to the East, and the Nation's greatest melting pot.

Just as New York City, in the last half of the 19th Century and the beginning of the 20th, received its steady stream of immigrants from other lands, so is the city now the focal point of a new kind of influx—the migration of large numbers of American citizens from other parts of the Nation.

The migrants of today live in our city while they become reestablished and reoriented, like the immigrants of the past. There is one difference: in those days, there were still western lands to homestead, railroads to build, factories to construct and man. Today, demands for technological skills and understanding of language are greater. It often takes newcomers longer to become completely reoriented.

The Federal Government recognized its responsibility to the immigrant masses in the earlier day, by offering homestead land and other inducements to move the newcomers out into other parts of the country. Today, the Federal Government has a similar responsibility to the migrant arrivals before they can fend for themselves.

The food stamp plan, with Federal Government shouldering its full share, is an important part of the process of reorientation for the 200,000 citizens of lowest income who can be expected to benefit from it in New York City.

Food stamp bonuses averaging about $66 a year for each of these participants in New York City would bring from $10 million to $15 million in additional purchasing power into merchants' tills. The merchants' increased income taxes would provide a significant return to the Federal Government.

At the same time, we would assure our newcomers of more and better food. We would help reduce the specter of malnutrition for the many children who will one day be a closer and more effective part of our city and its government than their parents can hope to be.

The food stamp program adds about 50 percent to the amount of food available to families which depend upon public assistance. Its greatest effectiveness

[26] *Ibid.*
[27] *Ibid*, page 5.
[28] *Ibid*, page 3.
[29] *Ibid.*

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Remarks:

Attached is a copy of Lipscomb's speech on the Fiat deal on the floor of the House yesterday. I have marked the references to the Agency report. I have also asked Bill Morell for his comments on whether this is a distortion or is fair use.

STAT

John S. Warner

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